



**COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR**

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 464
LOS ANGELES, CA 90012



MARK J. SALADINO
TREASURER AND TAX COLLECTOR

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May 29, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**RECOMMENDATION TO APPROVE AN AGREEMENT WITH CORE BUSINESS
TECHNOLOGIES FOR THE PROVISION OF AN AUTOMATED CASHIERING
SYSTEM AND AUTHORIZE THE TREASURER AND TAX COLLECTOR TO
EXECUTE A RELATED SOFTWARE ESCROW AGREEMENT AND APPROVE AN
APPROPRIATION ADJUSTMENT TO FUND THE PROJECT**

(3 VOTES)

**CIO RECOMMENDATION: APPROVE (X) APPROVE WITH MODIFICATIONS ()
DISAPPROVE ()**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chair to sign an agreement with CORE Business Technologies (CORE) for a five-year term, with an option to extend two additional years, effective upon Board approval, to provide the Treasurer and Tax Collector (TTC) with a turn-key Automated Cashiering System, with a total maximum County obligation of four hundred eighty-nine thousand one hundred seventy-five dollars (\$489,175).
2. Delegate authority to the Treasurer and Tax Collector to execute a tri-party Escrow Agreement (Attached as Exhibit F of the Agreement) with CORE, and John Earle, Esquire (Escrow Agent) to provide software escrow services for the Automated Cashiering System.
3. Approve the attached Appropriation Adjustment in the amount of three hundred eighty-seven thousand dollars (\$387,000) to transfer appropriation authority from fixed assets to services and supplies to appropriately fund the agreement with CORE for the Automated Cashiering System.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

TTC's existing automated cashiering system processes over 250,000 payment transactions, which includes 115,000 cash transactions and 135,000 check transactions, annually. The system issues a receipt upon completion of each transaction and stores a record of the transaction in a database. Currently, checks are physically delivered to the TTC Remittance Processing Center for encoding, endorsement and deposit after each cashier has balanced out for the day. Accounts receivable posting information is captured and transmitted to various host systems during day-end processing by the current cashiering system. The system also maintains an inventory of approximately 55,000 Deposit Permits annually and assigns new Deposit Permit numbers to all Deposit Permits. This system, which is over seven years old, can no longer store payment transaction data and the cost of maintaining the system is no longer cost effective.

The recommended agreement with CORE will provide for a stand-alone automated cashiering system using the latest automated cashiering technology to replace TTC's current system. The agreement includes hardware (such as servers, workstations, and peripherals), software and network installation, training and ongoing maintenance and support for thirteen (13) cashier window stations and two (2) back area office workstations, and two (2) remote workstations for Lancaster. It provides all of the functionality of the existing cashiering system plus image capture to facilitate payment research, on-line payment look up to permit the processing of payments for customers that do not have their bill and to process credit card payments where authorized.

Implementation of Strategic Plan Goals

Board approval of this contract is consistent with the County's Strategic Plan Goal of Organizational Effectiveness. The agreement provides for a stand-alone, turn-key automated cashiering system which supports TTC mandated operations of collecting secured and unsecured property taxes. It enables TTC to process payment transactions for deposit, thus maintaining the County's cash flow and interest earnings. In addition, the system will provide expeditious processing of payments at the cashier windows using online account look up for tax payments, and the capturing of images of the checks and payment stubs to facilitate the research of payment transactions for public inquiries.

FISCAL IMPACT/FINANCING

The maximum County obligation under the proposed agreement is \$489,175, of which \$386,011 is for the system acquisition costs, including hardware and software maintenance cost during the first year of the agreement; \$83,164 is for ongoing hardware and software maintenance and support for the remainder of five year term of

the agreement, and \$20,000 for other professional services such as program modifications.

The Department has \$387,000 specifically budgeted in the current 2002-2003 fiscal year for acquisition of the system in its Fixed Assets appropriation. The transfer of these funds to Services and Supplies appropriation will correctly allow the Department to fund the automated cashiering system, which primarily reflects expenditures for software and professional services.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

The County's CAO Risk Manager has approved the indemnification and insurance provisions of the agreement. Additionally, the County's Chief Information Officer concurs with the Department's recommendation. Throughout this project, County Counsel has been involved extensively in the development, negotiation, and review of the proposed agreement. The attached agreement has been reviewed and approved as to form by County Counsel.

The agreement contains the required provisions pertaining to compliance with the County's Jury Service Program, Child Support Program, Consideration of GAIN/GROW Participants for Employment, Recycled Bond Paper, when the Contract Term reaches six months of expiration, when expenditures reach 75% of the Contract Sum, termination for non-adherence of County Lobbyist Ordinance, and Determination of Contractor Responsibility and Contractor Debarment.

The agreement also includes a description of contractor performance requirements, allowing the County to monitor the contractor's performance to ensure quality and successful completion of the project in a timely manner and provides monetary assurance provisions for non-performance.

The agreement has excluded the provision for Contractor Notification To Employees Regarding The Safely Surrendered Baby Law. As stated in Board Policy 5.135, the purpose is to prevent the abandonment of newborn babies in Los Angeles County. In that CORE is headquartered outside Los Angeles County, i.e., the state of Rhode Island, its employees will not be affected by this policy.

CONTRACTING PROCESS

In accordance with the County's competitive procurement process, a Request for Proposals (RFP) for the provision of an Automated Cashiering System was released on October 7, 2002. The RFP solicited proposals for a stand-alone system (Option A) and/or a system that would be integrated with TTC's current remittance processing and image archive system (Option B). RFPs were issued to fifty-three (53) prospective firms listed on Attachment I. Four (4) proposals were received and rated by an evaluation

committee. Three firms submitted proposals in response to Options A and B, and one firm responded with an Option B proposal only.

Upon evaluation of the proposals submitted, CORE was selected by the evaluation committee for recommendation of a contract award. The CORE proposal was complete, detailed and responsive to the RFP. Their proposal demonstrated a good understanding of the statement of work and TTC requirements.

The recommended agreement is not a Proposition A agreement because of the extraordinary professional and technical nature of the services being provided. Therefore, the Living Wage Program (County Code Chapter 2.201) does not apply to the recommended agreement.

Minority and women owner/employee statistics for the four responding firms are shown in Attachment II. Upon final analysis and consideration of award, CORE was selected without regard to race, gender, color or creed.


IMPACT ON CURRENT SERVICES

There is no negative impact on current services. Approval of the agreement will allow TTC to continue to efficiently process payments and enhance services to the public.

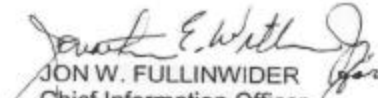
CONCLUSION

Instruct the Executive Officer/Clerk of the Board to return two (2) signed originals of the agreement to the Treasurer and Tax Collector and one adopted stamped copy of the Board letter.

Respectfully submitted,


MARK J. SALADINO
Treasurer and Tax Collector

Reviewed by:


JON W. FULLINWIDER
Chief Information Officer
(See attached CIO Analysis)

MJS:MH:dhh

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Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

ATTACHMENT I

Angela M. Kneeland
Advanced Financial Solutions
11718 Barrington Court, #355
Los Angeles, CA 90049

Susan McCarley
BancTec, Inc.
4851 LBJ Freeway, Suite 100
Dallas, TX 75244

Brian McCreary
Canon
707 Wilshire Blvd., Suite 5450
Los Angeles, CA 90017

Roger Blake
Ciber, Inc
2150 River Plaza Dr., Suite 400
Sacramento, CA 95833

Kelly Varatta
CORE Business Technology
2224 Pawtucket Ave.
East Providence, RI 02914-1784

Bonnie La Mothe
Ease 4 U, Inc.
2700 N. Main, Suite 310
Santa Ana, CA 92705

Joan Skimmons
Fiserv
255 Fiserv Dr.
Brookfield, WI 53045

John Charles
IA Corporation
1900 Powell St.
Emeryville, CA 94608-1840

Dan Petersen
Informed Decisions Corp.
2381 Mariner Square Dr., Ste 400
Alameda, CA 94501

Ryan Schoenfeld
AmCad
5047 Albrecht Lane
Warrenton, VA 20187

Warren Winterbottom
Bentley Systems, Inc.
690 Pennsylvania Dr.
Exton, PA 19341-1136

CAP Automation
3500 Marquita Dr.
Fort Worth, TX 76116

Donald Beckhart
Comp USA
9380 Warner Ave.
Fountain Valley, CA 92703

Dee Johnson
CPS Systems, Inc.
3400 Carlisle, Suite 500
Dallas, TX 75204

Michael Loria
Eastman Software, Inc.
600 Technology Park Dr.
Billerica, MA 01821-4130

Jim Sowers
G.G. Pulley & Associates, Inc.
4600 Columbine Ave., N.E.
Albuquerque, NM 87113-2236

Mark Brousseau
ImageScan Inc.
4429 Forbes Blvd.
Lanham, MD 20706

Aggie Frizzel
Intergraph Corporation
One Madison Industrial Park
Huntsville, AL 35894-0001

Marie Espinoza
Anacomp, Inc.
12365 Crosthwaite Circle
Poway, CA 92064-7104

Steve Strong
ASIX, Inc.
10900 NE 8th Street, Suite
700
Bellevue, WA 98004

Don Samuels
Check Solutions
3400 Players Club Pkwy.,
#200
Memphis, TN 38125

**Computer Associates
International**
One Computer Associates
Plaza
Islandia, NY 11788-7000

Jane Ghesquiere-Vogel
Creditron Corporation
2316 Delaware Ave., Suite
217
Buffalo, NY 14216

Jim Schulte
File Net Corporation
3565 Harbor Blvd.
Costa Mesa, CA 92626

Govolution
1250 24th Street, NW,
Suite 300
Washington, DC 20037

Paul J. Collins, Jr.
Imnet Systems, Inc.
3015 Windward Plaza
Alpharetta, GA 30005

Andrea Kauppila
Island Software Corp.
715 Sutter St.
Folsom, CA 95630-2546

Colleen Alley
J & B Software
P.O. Box 2266
Redwood City, CA 94064-2266

Renee Denise Young
KPMG Consulting
355 S. Grand Avenue
Los Angeles, CA 90071-1568

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Mitek Systems
10070 Carroll Canyon
Road
San Diego, CA 92131

Edmund Wilsbach
Mosaix, Inc.
6464 185th Avenue, N.E.
Redmond, WA 98052-5032

Mike Fenton
NCR
6232 Peridot Ave.
Alta Loma, CA 91701-2542

Bob Milanesi
Netvantage, Inc.
4100 Vanetta Place
Studio City, CA 91604

Ted Bell
Panini North America
577 Congress Park Dr.
Dayton, Ohio 45459

Paul Parrish
PAR Technology
6555 Sugarloaf Pkwy, Ste 307-
230
Deluth, GA 90097

Tom Spencer
PCI
4893 West Water Avenue,
Suite E
Tampa, Florida 33634

Elvira Gutierrez
Promark Alliance Co.
20651 Valero Street
Winnetka, CA 91306

Quadrant Systems
Incorporated
6890 E. Sunrise Drive #120
Tucson, AZ 85750

RCI Image Systems
1210 West Jon Street
Torrance, CA 90502

Bruce Randall
Revenue Plus
14300 SE First Street
Vancouver, WA 98684

Larry Tong
RT Lawrence Corp.
14111 Freeway Drive, Suite 200
Sante Fe Springs, CA 90670

Larry Haworth
SalePoint, Inc.
9909 Huennekens St.
San Diego, CA 92121

Scott Modde
SCI
121 Hunter Ave., Ste. 100
St. Louis, MO 63124

Kevin Hogan
Standard Register
7231 Boulder Avenue, #803
San Bernardino, CA 92346-3313

Ronald E. Hensley
Systems Concepts Inc.
7005 Corporate Way
Dayton, Ohio 45459

Chuck Gillum
Systems Innovators, Inc.
10550 Deerwood Park Blvd., Ste. 700
Jacksonville, FL 32256

Brett Gordon
Technology Unlimited
318 Mira Loma
Glendale, CA 91204

Glen Bachman
V.P. Business
Development
Tellermate, Inc.
4038 Flowers Road
Atlanta, GA 30360

Carl Berlin
The Marketing Group
1940 W. Orangewood, Ste. 110
Orange, CA 92868

Marco Robles
Unisys Information Services
25725 Jeronimo Road
Mission Viejo, CA 92691

**United Systems &
Software, Inc.**
205 Ash Street
P.O. Box 547
Benton, KY 42025

Doug Wallace
Wausau Financial Systems
9 Indianhead Drive
P.O. Box 37
Mosinee, WI 54455-0037

Adam Torab
Wave Imaging & Conversion
1765 Fourth Street, Ste. 100
San Diego, CA 92101

ATTACHMENT II

FIRM/ORGANIZATION INFORMATION AS PROVIDED BY PROPOSERS AUTOMATED CASHIERING SYSTEM

This information was gathered for statistical purposes only. On final analysis and consideration of award, selection was made without regard to gender, race, creed or color.

FIRM INFORMATION		CORE Business Technology		SalePoint, Inc.		Wausau Financial Systems		Infocorp. Computer Solutions Ltd.	
Cultural/Ethnic Composition		#	% of Ownership	#	% of Ownership	#	% of Ownership	#	% of Ownership
OWNERS/PARTNERS	Black/African American	0	0%	0	0%	0	0%		*
	Hispanic/Latin American	0	0%	0	0%	0	0%		*
	Asian American	0	0%	1	.976%	0	0%		*
	American Indian/Alaskan	0	0%	0	0%	0	0%		*
	All others	2	100%	3	99.024%	3	100%		*
	Women (included above)	0	0%			0	0%		*
		#		#		#		#	
MANAGERS	Black/African American	0		0		0			*
	Hispanic/Latin American	0		1		0			*
	Asian American	0		2		1			*
	American Indian/Alaskan	0		0		0			*
	All others	4		12		52			*
	Women (included above)	1		6		18			*
STAFF	Black/African American	0		2		3			*
	Hispanic/Latin American	0		3		2			*
	Asian American	4		5		5			*
	American Indian/Alaskan	0		0		1			*
	All others	50		36		302			*
	Women (included above)	22		9		128			*
TOTAL # OF EMPLOYEES		56		65		369			*
BUSINESS STRUCTURE		Corporation		Corporation		Corporation			*
Certified as Minority, Women, Disadvantaged or Disabled Veteran Business Enterprise?		No		No		No			*

* No information provided by firm.

CIO ANALYSIS

TREASURER AND TAX COLLECTOR AGREEMENT WITH CORE BUSINESS TECHNOLOGIES AND RELATED SOFTWARE ESCROW AGREEMENT WITH CORE AND JOHN EARL, ESQUIRE

CIO RECOMMENDATION: ☒ **APPROVE** ☐ **APPROVE WITH MODIFICATION**
 ☐ **DISAPPROVE**

Contract Type:

☒ **New Contract** ☐ **Contract Amendment** ☐ **Contract Extension**
☐ **Sole Source Contract**

New/Revised Contract Term: **Base Term: 5-Yrs** **# of Option Yrs: 2**

Contract Components:

☒ **Software** ☒ **Hardware** ☐ **Telecommunications**
☒ **Professional Services**

Project Executive Sponsor: John McKinney, Operations Chief, Banking and Remittance

Budget Information :

Y-T-D Expenditures	\$
Requested Contract Amount	\$ 489,175
Aggregate Contract Amount	\$ 489,175

Project Background:

Yes	No	Question
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project legislatively mandated?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Is this project subvented? If yes, what percentage is offset?

Strategic Alignment:

Yes	No	Question
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project in alignment with the County of Los Angeles Strategic Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Is this project consistent with the currently approved Department Business Automation Plan?
<input checked="" type="checkbox"/>	<input type="checkbox"/>	Does the project's technology solution comply with County of Los Angeles IT Directions Document?
<input type="checkbox"/>	<input checked="" type="checkbox"/>	Does the project technology solution comply with preferred County of Los Angeles IT Standards? A web-based application was preferred, only one proposal met this requirement and its limited functionality and higher cost lowered its ranking in the evaluation process.

Project/Contract Description:

The Treasurer and Tax Collector (TTC) is requesting Board approval of an agreement with CORE Business Technologies (CORE) for hardware, software and support services required to implement a turn-key Automated Cashiering System (ACS) and continuing system maintenance. Also, the Department is requesting that the Board delegate authority to execute a related tri-party software escrow agreement with CORE and John Earle, Esquire (Escrow Agent). This agreement has a term of five years with the option for two one-year extensions. The County's maximum obligation shall not exceed \$489,175. The department will be required to return to the Board for an amendment of the agreement to execute the option years and to increase the County's maximum obligation.

Background:

TTC's existing ACS is a Unix-based system using dumb terminals and was implemented in 1996. It processes over 250,000 payment transactions annually and stores approximately 55,000 Deposit Permits. While currently meeting TTC's basic cashiering needs, the existing ACS lacks key functionality and operates on obsolete hardware and peripheral equipment that is no longer supported by the vendor. Also, the existing system has limited capability to store payment transaction data and has no redundancy or back-up hardware.

TTC is requesting approval of this agreement with CORE to replace the existing ACS with a modern, Windows based client/server, payment processing system. This new system will support 13 cashier window stations and two back office workstations at the Kenneth Hahn Hall of Administration and two remote workstations for the Department's Lancaster office. It supports the cashiering functionality residing in the existing ACS and provides additional functionality to meet TTC business needs. Although the RFP stipulated a web-based application was preferred, only one proposal met this requirement and its limited functionality and higher cost lowered its ranking in the evaluation process.

Project Justification/Benefits:

This system provides new functionality that simplifies end-of-day balancing, supports on-line payment look up to permit processing of payments for customers with no billing information, permits on-line credit card processing, and supports check imaging capture. In addition, the new system provides redundant back-up storage of transaction data which is one action to sustain continuous collection processing in the event of a system failure.

Project Metrics

The TTC has identified specific tasks and deliverables tied to milestone dates for each phase of the system's implementation. The contract identifies an escalation process that could lead to monetary penalties for deficient performance.

Impact If Proposal Is Not Approved:

The Department's ability to improve payment processing of secured and unsecured property taxes will be constrained if the Board does not approve this amendment. The existing ACS is vulnerable to failure due to obsolete hardware and is expensive to maintain and operate.

Alternatives Considered:

The existing ACS is vulnerable to failure due to obsolete hardware and is expensive to maintain and operate. The Department conducted competitive solicitation process and released a Request for Proposals (RFP) for the provision of an Automated Cashiering System was released on October 7, 2002. The RFP was issued to 53 prospective firms and upon evaluation of the proposals submitted, CORE's proposal was deemed by TTC as the most responsive vendor.

Project Risks:

The project risks are minimal. CORE will set-up and configure the system at their facility based on the TTC's requirements and specifications. CORE is scheduled to install, test, and implement the fully configured system hardware and software for production use at the Department's location prior to tax season in October 2003 to minimize business disruption.

Risk Mitigation Measures:

The system application software, operating system software, and hardware will be set-up, configured and tested at the vendor's facility before full implementation at TTC. Implementation of the system is targeted for October 2003 to mitigate potential disruptions in TTC operations. If the system does not successfully pass its acceptance test, a decision can be made to use the existing system through the next tax season.

Financial Analysis:

The maximum contract amount of the Amendment is \$489,175, of which \$386,011 is for system acquisition cost that includes the first year hardware and software maintenance cost, and \$83,164 for ongoing hardware and software maintenance services over the remaining four years of the Agreement. The contract maximum also includes \$20,000 in "pool dollars" (a contingency) for professional and specialized services. The Department has funds appropriated in its current budget to cover the maximum amount of the amendment.

CIO Concerns:

None

CIO Recommendations:

The CIO recommends approval of this agreement.

CIO APPROVAL

Date Received:

5/22/03

Prepared by:

Greg A. Anderson

Date:

5/22/03

Approved:

Jonathan E. Miller

Date:

05/29/2003